



CITY OF HAYWARD AGENDA REPORT

AGENDA DATE November 10, 1998

AGENDA ITEM _____

WORK SESSION ITEM WS # 3

TO: Mayor and City Council

FROM: Director of Community and Economic Development

**SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
PRIORITIES**

Recommendation

It is recommended that the City Council review and comment on the recommended CDBG priorities contained in Attachment A: Proposed CDBG Policies and Categories of Need.

Background

On October 27, 1998 the Citizens Advisory Commission (CAC) met and reviewed the current FY 1998- 1999 Policies and Categories of Need in preparation for recommending priorities for FY 1999-2000. It is anticipated that the City of Hayward will have approximately \$2 million dollars in CDBG funds available in FY 1999-2000.

The Policy Statement that introduces the Categories of Need concisely describes the CDBG National Objectives of eliminating blight and providing assistance to lower income households, those earning at or below HUD's definition of low income which is \$45,300 for a family of four for 1998-99. It also summarizes the HUD policy that at least 5 1% of the households in an area must be low income in order for that area to be a CDBG target area and the City policy that the percentage of CDBG funds in any given project will be no greater than the percentage of Hayward residents served by the project.

Of the current Categories of Need, four provide assistance to lower income households through programs that --

- * help people become homeowners;
- provide financing and technical assistance to rehabilitate conventional and mobile homes;

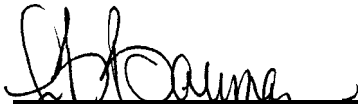
- provide financing to nonprofit organizations to acquire, expand and/or rehabilitate neighborhood facilities serving lower income Hayward households; and
- provide funds for staff and program operations to housing-related nonprofit organizations so that they may better serve lower income households.

A fifth category, Commercial Rehabilitation, addresses blight by providing funds to upgrade the facades of downtown retail properties. The sixth category, Economic Development, addresses both assistance to lower income households, by providing employment opportunities for low income people, and also can be used to remedy blight by improving deteriorated buildings as in the seismic retrofit predevelopment loan program.

The CAC discussed whether there was a need to modify the FY 1998-99 Categories of Need. Members reflected upon whether the proposals submitted for funding last year indicated a need to change the allocation structure. They concluded that the Categories of Need and allocation guidelines for FY 1998-99 worked well and recommend to Council that these should be used for FY 1999-2000.

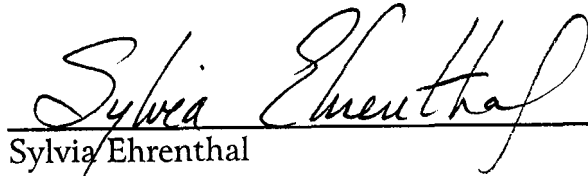
Mayor and City Council
November 10, 1998

Prepared by:



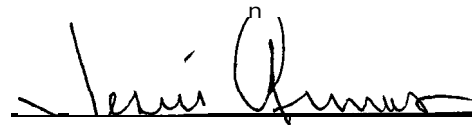
Ann R. Bauman
Community Planning and Economic
Development Administrator

Recommended by:



Sylvia Ehrental
Director of Community and Economic Development

Approved by:



Jesús Armas
City Manager

Attachment

- A: Recommended CDBG Priorities 1999-2000
- B: List of FY 1998-1999 CDBG Programs

ATTACHMENT A
CITY COUNCIL
**COMMUNITY DEVELOPMENT BLOCK GRANT
PROPOSED POLICY AND CATEGORIES OF NEED
1999-2000**

POLICY STATEMENT

The City of Hayward recognizes there are various emerging and continuing needs of lower-income residents of the City that are appropriately met through the use of Community Development Block Grant (CDBG) funds. Such needs are: New Housing, Housing Rehabilitation, Public Facilities and Improvements, Public Services, Economic Development and commercial rehabilitation. The City of Hayward encourages the development of project proposals designed to address these housing and community development needs. **All** proposed projects must --

- directly benefit lower-income persons (persons whose income is at or below 80% of the area median income);
- take place in an area where more than 5 1% of the population is lower income; or
- eliminate slums and blight.

Each project must carry out one of the eligible activities described in the Categories of Need. The City will fund no more than the proportion of total project costs equal to the proportion of eligible Hayward residents served by the project.

CATEGORIES OF NEED

A. **OWNERSHIP HOUSING**

ALLOCATION OF FUNDS: 0-20%

Preference will be given to homeownership projects. New housing development must be affordable for lower-income households. Eligible activities include the purchase and improvement of land to build homeowner units, rentals, and housing cooperatives; the development of housing for the disabled and elderly; and the development of emergency housing.

Eligible activities by a public agency or private nonprofit entity, include: acquisition (in whole or in part) of real property by purchase, lease, donation or otherwise, clearance; site assemblage; provision of site improvements; preliminary surveys; sketch drawings; preliminary cost estimates; and application and commitment fees.

Downpayment and closing costs and second mortgage assistance to first-time homebuyers are needed by lower income renters in order for them to become first-time homebuyers. Eligible activities include providing financial assistance to first-time homebuyers for home purchase and relocation (if the unit purchased is currently occupied by a lower income renter household that would be displaced by the purchase).

B. HOUSING REHABILITATION

ALLOCATION OF FUNDS: 20-40%

The conservation and improvement of dwellings serving lower-income households. These activities include the rehabilitation of housing occupied by lower-income households and minor home repairs to lower-income seniors. CDBG funds may be used to finance the rehabilitation of privately-owned buildings and improvements, lower-income public housing and other publicly-owned residential buildings and improvements otherwise eligible for assistance; code enforcement; historic preservation; and renovation of closed school buildings. Applicants may propose to offer the following to lower-income households: assistance to private individuals and entities; labor, materials and other costs of rehabilitation; loans for refinancing existing indebtedness secured by a property rehabilitated with CDBG funds; improvements to increase the efficient use of energy; improvements to increase the efficient use of water; financing of costs associated with the connection of residential structures to water distribution lines or local sewer collection lines; limited costs to homeowners as a result of rehab; costs of tools lent to owners, tenants and others to carry out rehab; and rehabilitation services.

C. NEIGHBORHOOD FACILITIES AND IMPROVEMENTS

ALLOCATION OF FUNDS: 25-35%

Acquisition, construction, reconstruction, rehabilitation or installation of eligible public facilities and improvements. Facilities owned by nonprofits are eligible if they are open to the public during normal operating hours. Activities that promote energy efficiency may be included, as well as activities that include the execution of architectural design features and treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance. Types of projects include senior centers, centers for the disabled, curb ramps, removal of architectural barriers, parks, community gardens, playgrounds, and recreational facilities. The City Council has established a priority for facilities providing child care or other youth services.

D. PUBLIC SERVICES

ALLOCATION OF FUNDS: 0-15%

Hayward's City Council has limited public service funding to the following services: fair housing, housing counseling services, the investigation of housing discrimination complaints, housing placement assistance to lower-income households and other housing-related social services.

E. ECONOMIC DEVELOPMENT

ALLOCATION OF FUNDS: 0-20%

Activities may include acquisition of real property, construction or rehabilitation of public buildings, commercial, or industrial facilities and assistance to nonprofit organizations, small business investment companies and local development corporations. Assistance for these activities may be in the form of grants, loans, loan guarantees, interest supplements and technical assistance. Activities must benefit lower-income persons, either by upgrading commercial areas of lower-income neighborhoods or by providing employment or other benefits to lower-income residents as a result of assistance.

F. COMMERCIAL REHABILITATION

ALLOCATION OF FUNDS: 20-40%

Activities include facade improvements, emergency health and safety repairs, and repair of code deficiencies for commercial properties in the downtown redevelopment area.

Attachment B
Funded Community Development Block Grant Programs for FY 1998-99

No.	Program	Amount Funded FY 1998-99
1	Bay Area Community Services -- HEDCO House Repairs	\$ 15,500.00
2	Community Resources for Independent Living — Housing Counseling and Placement	33,495.00
3	Eden Area YMCA — Kitchen Remodel	7,000.00
4	Eden Council for Hope and Opportunity — Rental Assistance Program, Landlord/Tenant Counseling, and Fair Housing	137,428.00
5	Eden Information and Referral — Housing and Emergency Shelter Information and Referral	23,000.00
6	Eden Youth Center — Roof Repair	5,000.00
7	Facade Improvement Loan Program, City of Hayward — Upgrade Facades of Commercial Buildings in the Downtown CC-P Zoning District	500,000.00
8	First Time Homebuyers Program, City of Hayward — Downpayment Assistance and Second Mortgages to Make Homeownership Affordable to Lower Income Households	200,000.00
9	Hayward Community Gardens — Water and Other Needed Services to Support Gardens	15,000.00
10	Hayward Unified School District — Purchase and Installation of Two Portable Classrooms for the Latch-Key Program	112,225.00
11	Housing Conservation Loan Program, City of Hayward — Single Family Owner-Occupied Housing Rehabilitation Program and Disability Access Repairs	400,000.00
12	Human Outreach Agency — Counseling Staff	38,524.00
13	La Familia - Fuller Street Neighborhood Center — Purchase of Neighborhood Center	260,000.00
14	Minor Home Repair Program, City of Hayward — Minor Home Repairs for Mobile and Conventional Homes	220,000.00

No.	Program	Amount Funded N 1998-99
15	Shelter Against Violent Environments (WINGS) — Facility Repairs	69,000.00
16	Shelter Against Violent Environments (WINGS) — 24 Hour Staffing and Counseling	48,756.00
17	Small Business Revolving Loan Program, City of Hayward — Loans to Hayward Small Businesses For Expansion and Hiring Lower Income Hayward Residents	300,000.00
18	Southern Alameda County Legal Aid Project — Legal Assistance Regarding Housing-Related Issues For Lower Income Hayward Residents	23,190.00
19	Walpert Association — Remodel Bathrooms To Make Them Handicap Accessible	31,360.00